

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1442

IN THE MATTER OF:

Served July 18, 1975

Application of BELTWAY)
LIMOUSINE SERVICE, INC., for)
Authority to Increase Fares)

Application No. 866

On June 27, 1975, Beltway Limousine Service, Inc., (Beltway) filed a tariff, as supplemented, in accordance with the provisions of Title II, Article XII, Section 5(e), showing the changes proposed to be made to its current tariff. Beltway contemporaneously filed Application No. 866 setting forth testimony and exhibits supporting the proposed tariff, together with a motion to waive Commission Regulation 56. In essence, Beltway requests the Commission to permit the proposed tariff, which should be described as WMATC Tariff No. 2, to become effective on less than thirty days notice. 1/ The requested effective date was July 15, 1975.

Beltway provides appointment only limousine service between Washington National Airport or Dulles International Airport and specified hotels or motels in Montgomery County and Prince George's County. In Order No. 1425, served May 12, 1975, the Commission certificated Beltway and, based on the record in that proceeding, prescribed rates for the service. Beltway sought reconsideration of the rate level prescribed by the Commission. By Order No. 1434, served May 30, 1975, the Commission denied the application for reconsideration for failure to include the financial data necessary. Beltway then properly filed this application.

1/ The thirty (30) days notice provision is set forth in the Compact, Title II, Article XII, Section 5(e), as follows:

Each tariff filed under this subsection shall state a date on which the new tariff shall take effect, and such date shall be at least thirty (30) days after the date on which the tariff is filed, unless the Commission by order authorizes its taking effect on an earlier date.

The following table sets forth the rates currently prescribed for Beltway and the proposed rates.

From:	Current Tariff		Proposed Tariff	
	National	Dulles	National	Dulles
To: Holiday Inn, Gaithersburg	\$5	\$10	\$10	\$10
Washingtonian Motel, Gaithersburg	5	10	10	10
Ramada Inn, Rockville	5	10	10	10
Holiday Inn, Capitol Beltway	5	10	7	10
Holiday Inn, College Park	5	10	7	10
Holiday Inn, Bowie	5	10	12	15
Quality Inn, College Park	5	10	7	10
Interstate Inn, College Park	5	10	7	10
In-State Inn, Camp Springs	5	10	6	12
Howard Johnsons, Cheverly	5	10	7	10
Hampshire Motor Inn, Langley Park	5	10	7	10
Ramada Inn, Washington, N.E.	5	10	7	12
Sheraton Inn, Washington, N.E.	5	10	7	12

Title II, Article XII, Section 6(a)(1) of the Compact provides, inter alia, as follows:

In determining whether any proposed change shall be suspended, the Commission shall give consideration to, among other things, the financial condition of the carrier, its revenue requirements, and whether the carrier is being operated economically and efficiently.

This provision of the Compact requires, in part, the Commission to compare the fare charged to the passenger with the cost to the carrier of providing the service to the passenger. Beltway has submitted data setting forth the estimated cost of providing service under its Certificate of Public Convenience and Necessity No. 25. The data is developed upon the basis of a cost per trip. The following expenses and the amount per trip are stated to be constant: benefits such as hospitalization and FICA - \$.25, equipment rental - \$1.84, payroll tax - \$1.78, repairs/maintenance - \$.84, insurance - \$.98, depreciation - \$.35, licenses - \$.04, general administrative salaries - \$5.02, legal/accounting - \$.17, advertising/promotion - \$.10, telephone - \$.10, interest - \$.25, and miscellaneous expense - \$1.00. Labor expense and gas and oil expense are estimated on the basis of the time and distance of each trip. The labor expense varies between \$6.00 and \$8.00 per trip. The gas and oil

expense is stated to be \$.06 per mile. The estimated cost for the certificated transportation service is set forth in the following table:

	<u>Cost Per Trip</u>	
	<u>National</u>	<u>Dulles</u>
Holiday Inn, Gaithersburg	\$22.50	\$22.68
Washingtonian Motel, Gaithersburg	21.96	22.14
Ramada Inn, Rockville	21.68	21.86
Holiday Inn, Capitol Beltway	22.57	23.14
Holiday Inn, College Park	20.77	23.32
Holiday Inn, Bowie	23.70	24.78
Quality Inn, College Park	20.77	23.20
Interstate Inn, College Park	20.74	23.26
In-State Inn, Camp Springs	19.96	22.91
Howard Johnsons, Cheverly	20.25	23.53
Hampshire Motor Inn, Langley Park	19.98	22.58
Ramada Inn, Washington, N. E.	20.53	23.61
Sheraton Inn, Washington, N. E.	20.53	23.62

In order to compare the fare with the cost for each service, an analysis was made of the number of passengers per trip required to compensate Beltway for the estimated cost per trip. The results of that analysis are set forth in the following table.

	<u>Passengers Per Trip</u>	
	<u>National</u>	<u>Dulles</u>
Holiday Inn, Gaithersburg	2.25	2.27
Washingtonian Motel, Gaithersburg	2.20	2.21
Ramada Inn, Rockville	2.17	2.19
Holiday Inn, Capitol Beltway	3.22	2.31
Holiday Inn, College Park	2.97	2.33
Holiday Inn, Bowie	1.98	1.65
Quality Inn, College Park	2.97	2.37
Interstate Inn, College Park	2.96	2.33
In-State Inn, Camp Springs	3.33	1.91
Howard Johnsons, Cheverly	2.89	2.35
Hampshire Motor Inn, Langley Park	2.84	2.26
Ramada Inn, Washington, N. E.	2.93	1.97
Sheraton Inn, Washington, N. E.	2.93	1.97

The range of passengers per trip for service involving National is 1.98 to 3.33 and for service involving Dulles is 1.65 to 2.35. According to the testimony filed by Beltway, during the period February to May 1975 the average number of passengers per trip involving National was 1.64 and involving Dulles was 1.31. Based on Beltway's experience,

the proposed fares would not appear to be sufficient to generate revenues required to satisfy the expenses. However, Beltway is projecting a 30 percent increase in revenues. This increase would mean that the average number of passengers per trip involving National would be 2.13 and involving Dulles would be 1.70. These projections would be within the range necessary to make the proposed fare structure compensatory.

The Commission has considered factors other than the revenue requirements of Beltway. The Commission believes that there exists a need, in the public interest, for adequate and efficient transportation service between hotels and motels in either Montgomery County or Prince George's County and either Dulles or National. The Commission realizes that Beltway's rates were different for its service under temporary authority, granted by Order No. 1399, served January 22, 1975, and that the rates in effect under temporary authority were lowered by Order No. 1425, which granted Beltway Certificate No. 25. The Commission herein has determined that the rates must be increased. Thus, Beltway's rates will be changed three times during the period January to July 1975. Such frequent changes in the fares charged persons using the service can have an adverse impact upon the ridership level. However, Beltway is a new carrier with limited experience in providing such service. The paucity of data with respect to the cost of performing the transportation service has contributed to the necessity of prescribing different fares in a short period of time.

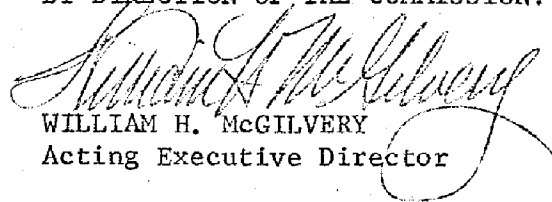
The Commission believes that the proposed tariff filed June 27, 1975, is just, reasonable and not unduly preferential or unduly discriminatory either between riders or sections of the Metropolitan District. Accordingly, the proposed tariff submitted by Beltway shall be approved and the motion for waiver of the 30-day requirement shall be granted.

THEREFORE, IT IS ORDERED:

1. That Application No. 866 of Beltway Limousine Service, Inc., for authority to increase fares be, and it is hereby, granted.
2. That the proposed tariff filed June 27, 1975, cancelling WMATC Tariff No. 1 of Beltway Limousine Service, Inc., be, and it is hereby, approved.
3. That the motion for waiver of the thirty day period filed by Beltway Limousine Service, Inc., be, and it is hereby, granted.
4. That the proposed tariff filed June 27, 1975, which should be styled WMATC Tariff No. 2 cancelling WMATC Tariff No. 1, of Beltway Limousine Service, Inc., be, and it is hereby, effective as of 4 A.M., Monday, July 21, 1975.

5. That Beltway Limousine Service, Inc., be, and it is hereby, directed to file with the Commission two copies of WMATC Tariff No. 2 cancelling WMATC Tariff No. 1, effective July 21, 1975, in accordance with the rates authorized hereinbefore.

BY DIRECTION OF THE COMMISSION:



WILLIAM H. MCGILVERY
Acting Executive Director